

TOWN OF NORWELL  
MASSACHUSETTS



CAPITAL BUDGET COMMITTEE  
REPORT

FEBRUARY 22, 1972

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Committee Membership

Robert F. Dwyer, Chairman  
Edgar Horton, Secretary  
Wandell M. Mooney  
Wilbur Garside  
William D. Coakley  
Paul R. Miles  
Norman W. Vail

## INTRODUCTION

The Capital Budget Committee continued during the past year to interview the Town Officials responsible for the larger capital expenditures of the Town of Norwell, and we obtained, where possible, five-year projections (1972 through 1976) of their requirements. During the same period, we up-dated the ten-year financial history of the Town which we compiled in 1970. This history forms the base from which certain projections for the future can be made. One such projection is an annual increase in assessed valuations over the next five years of \$3,000,000 each year, a figure which we have used in our calculations.

## DISCUSSION

Experience with the highly complex problems of capital budgeting has led us to conclude that the establishment of a definitive priority schedule by this Committee alone is not feasible. Efforts were made, in co-operation with the Board of Selectmen, to involve other Boards and Committees in the establishment of such a schedule, with some beneficial results, but much more needs to be done before a schedule can be recommended to the Town. However, our experience has also led us to conclude that the capital portion of a projected tax rate can be divided into three categories which furnish worthwhile guidance to the voters at a Town Meeting. These three are:

- (a) The tax impact of all presently outstanding or authorized bond issues. In other words, those projects we have committed ourselves to pay for.
- (b) The impact of capital projects which are almost routine, somewhat in the nature of operating expenses, and likely to be voted without question at Town Meetings, with perhaps a few exceptions.
- (c) The impact of projects which are controversial in terms of their need, advisability or feasibility.

Schedule A is a summary based on the data gathered for the five-year planning period 1972 through 1976. Schedule B shows the supporting detail of each project presented to us for consideration. These are capital cost figures only; no operating budget data are included.

Section One of Schedule A shows the tax impact of all presently outstanding bond issues, plus the anticipated impact of the bonding of the cost of the new high school and the purchase of the golf course land. Both are projects to which the Town is committed, but the bonds had not yet been issued at the time of compiling these figures. Those who examine prior reports issued by this Committee will note that the impact of the high school is considerably less than previous

estimates. This is because of a 1971 change in Massachusetts law relating to State reimbursement, which means, we were informed, that Norwell will receive state aid of 65% of both principal and interest, instead of the 50% of principal only, which was the case previously.

Section Two summarizes the projects likely to be voted. We have made assumptions, as indicated, regarding payment from current appropriations or by bonding.

Section Three summarizes the controversial projects, and since the projects in Sections One and Two are either voted or likely to be voted, this Section appears to offer the only presently available opportunities for capital tax rate planning.

These are some additional facts and figures we wish to have you consider. The projects requested in the following Articles of the Warrant for the 1972 Annual Town Meeting were not presented to this Committee during our interviews with Town Officials.

Article Number	Requested Appropriations
13	\$120,000
19	16,000
20	6,000
23	5,000
26	1,000
30	5,000
31	3,750
32	15,000
33	30,000
41	58,000
42	10,800
47	60,000
48	40,000
49	7,500
61	750
62	<u>50,000</u>
Total	\$428,800

In addition, projects totalling \$181,500 in cost, which we were informed would be requested in 1972, do not appear in the warrant.

It is not possible at this time for us to do more than roughly estimate the net effect of these additions and deletions to be an increase in the 1972 tax rate of \$3.00 over the amounts shown in Schedule A.

#### **SPECIAL DISCUSSION REGARDING THE STABILIZATION FUND**

Acting upon the recommendation of this Committee, the voters appropriated \$210,000 to the Stabilization Fund in 1971. The plan was to apply that amount toward capital projects in the years 1972 through 1975 in order to make the capital outlay portion of the tax rate more uniform during those years. However, if you will look at Schedule A you will see that 1972 is a relatively low year for capital costs. The reason 1972 is lower than forecasted last year is the delay in approval of the high school, which in turn delayed issuance of the bonds so that the full impact of the financing will be felt one year later (1973) than originally expected. Consequently, we are not recommending any use of stabilization funds this year. To the contrary, depending on how the Town votes with respect to the new and controversial projects to be considered at the March meeting, we may at that time recommend an additional Stabilization Fund appropriation. Such additional appropriation, together with the \$210,000 raised last year, would be used in the years 1973 through 1976.



SCHEDULE A

Summary of Tax Rate Effect of Possible  
Capital Outlay Costs for  
Planning Period 1972 thru 1976

	1972		1973		1974		1975		1976	
	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact
<u>Section One</u>										
<u>Old Projects</u>										
Debt Service on Bonds issued prior to 1972	\$314,000	\$ 5.41	\$290,000	\$ 4.75	\$277,000	\$ 4.32	\$254,000	\$ 3.79	\$240,000	\$ 3.42
High School Bonds to be issued	59,850	1.03	365,715	6.00	353,745	5.53	341,775	5.10	329,805	4.71
Golf Course Land Bonds to be issued	37,500	.65	36,250	.59	35,000	.55	33,750	.50	32,500	.46
Totals	<u>\$411,350</u>	<u>\$ 7.09</u>	<u>\$691,965</u>	<u>\$11.34</u>	<u>\$665,745</u>	<u>\$10.40</u>	<u>\$629,525</u>	<u>\$ 9.39</u>	<u>\$602,305</u>	<u>\$ 8.59</u>
<u>Section Two</u>										
<u>New Projects Likely to be Voted</u>										
Pay-as-you-go Projects	\$103,500	\$ 1.77	\$114,500	\$ 1.86	\$ 81,000	\$ 1.26	\$121,500	\$ 1.80	\$145,000	\$ 2.06
Bonded Projects	-	-	21,250	.35	29,250	.46	138,250	2.05	142,375	2.01
Totals	<u>\$103,500</u>	<u>\$ 1.77</u>	<u>\$135,750</u>	<u>\$ 2.21</u>	<u>\$110,250</u>	<u>\$ 1.72</u>	<u>\$259,750</u>	<u>\$ 3.85</u>	<u>\$287,375</u>	<u>\$ 4.07</u>
Total of Sections One and Two	<u>\$514,850</u>	<u>\$ 8.86</u>	<u>\$827,715</u>	<u>\$13.55</u>	<u>\$775,995</u>	<u>\$12.12</u>	<u>\$889,275</u>	<u>\$13.24</u>	<u>\$889,680</u>	<u>\$12.66</u>
<u>Section Three</u>										
<u>New Projects Likely to be Controversial</u>										
Pay-as-you-go Projects	\$ 25,000	\$ .43	\$ 18,000	\$ .30	\$ 50,000	\$ .78	\$ 55,000	\$ .82	\$ 56,000	\$ .80
Bonded Projects	-	-	114,000	1.87	144,025	2.25	104,310	2.08	134,595	1.84
Totals	<u>\$ 25,000</u>	<u>\$ .43</u>	<u>\$132,000</u>	<u>\$ 2.17</u>	<u>\$194,025</u>	<u>\$ 3.03</u>	<u>\$159,310</u>	<u>\$ 2.90</u>	<u>\$190,595</u>	<u>\$ 2.64</u>
Total of Sections One, Two and Three	<u>\$539,850</u>	<u>\$ 9.29</u>	<u>\$959,715</u>	<u>\$15.72</u>	<u>\$970,020</u>	<u>\$15.15</u>	<u>\$1,048,585</u>	<u>\$16.14</u>	<u>\$1,080,275</u>	<u>\$15.30</u>

SCHEDULE B

Capital Outlay Projects Requested for Planning Period 1972 through 1976

Projects Likely To Be Voted	1972		1973		1974		1975		1976	
	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact
<u>Pay-as-you-go Projects</u>										
<u>1972</u>										
Police Cruisers	\$ 7,500									
Pick-up Truck Tree Warden	4,000									
Drainage Committee	35,000									
Conservation Commission	10,000									
Street resurfacing	40,000									
Truck chassis, Highway Surveyor	7,000									
Total	<u>\$103,500</u>	<u>\$ 1.77</u>								
<u>1973</u>										
Police Cruisers			\$ 7,500							
Chief's car			3,000							
Additional Cruiser			4,000							
Drainage Committee			35,000							
Conservation Commission			10,000							
Street Resurfacing			50,000							
Pick-up truck Highway Surveyor			5,000							
Total			<u>\$114,500</u>	<u>\$ 1.86</u>						
<u>1974</u>										
Police Cruisers					\$ 7,500					
Conservation Commission					10,000					
Fire Chief's car					3,500					
Street Resurfacing					60,000					
Total					<u>\$ 81,000</u>	<u>\$ 1.26</u>				

SCHEDULE B

	1972		1973		1974		1975		1976	
	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact
1975										
Police Cruisers							\$ 11,000			
Pick-up Truck, Tree Warden							3,500			
Platform Truck, Tree Warden							4,000			
Conservation Commission							10,000			
Street resurfacing							75,000			
2 Dump Trucks-Highway										
Surveyor							18,000			
Total							\$121,500	\$ 1.80		
1976										
Police Cruisers									\$ 11,000	
Conservation Commission									10,000	
Bulldozer, Board of Health									30,000	
Street resurfacing									85,000	
Dump Truck-Highway										
Surveyor									9,000	
Total									\$145,000	\$ 2.06
Total Pay-as-you-go Summary	\$103,500	\$ 1.77	\$114,500	\$ 1.86	\$ 81,000	\$ 1.26	\$121,500	\$ 1.80	\$145,000	\$ 2.06

Bonded Projects

1972										
Water main extension (\$75,000)			\$ 8,750	\$ .15	\$ 8,500	\$ .13	\$ 8,250	\$ .12	\$ 8,000	\$ .11
High School Renovation (\$56,500)			12,500	.20	12,000	.19	11,500	.17	11,000	.16
Total			\$ 21,250	\$ .35						
1973										
Water Main extension (\$75,000)					8,750	.14	8,500	.13	8,250	.12
Total					\$ 19,250	\$ .46				

SCHEDULE B

	1972		1973		1974		1975		1976	
	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact
1974										
Renovate Sparrell Junior High (\$675,000)							\$101,250	\$ 1.50	\$ 97,875	\$ 1.38
Water Main extension (\$75,000)							8,750	.13	8,500	.12
Total							\$138,250	\$ 2.05		
1975										
Water Main extension (\$75,000)									\$ 8,750	\$ .12
Total									\$142,375	\$ 2.01
1976										
Water Main extension (\$75,000)										
Addition to Vinal School (\$1,163,000)										
(Payments on both to begin in 1977)										
Total Bonding Summary			\$ 21,250	\$ .35	\$ 29,250	\$ .46	\$138,250	\$ 2.05	\$142,375	\$ 2.01
Consolidated Summary	\$103,500	\$ 1.77	\$135,750	\$ 2.21	\$110,250	\$ 1.72	\$259,750	\$ 3.85	\$287,375	\$ 4.07

SCHEDULE B

Projects Likely To Be Controversial

	1972		1973		1974		1975		1976	
	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact
<u>Pay-as-you-go Projects</u>										
<u>1972</u>										
Land-Church Hill-Fire Station	\$ 5,000									
Rescue Truck	20,000									
Total	\$ 25,000	\$ .43								
<u>1973</u>										
Street Sweeper			\$ 18,000							
Total			\$ 18,000	\$ .30						
<u>1974</u>										
Fire Truck					\$ 35,000					
Ambulance					15,000					
Total					\$ 50,000	\$ .78				
<u>1975</u>										
Fire Truck							\$ 35,000			
Additional Garage Space-Highway Surveyor							20,000			
Total							\$ 55,000	\$ .82		
<u>1976</u>										
Fire Truck									\$ 35,000	
Catch Basin Cleaner									21,000	
Total									\$ 56,000	\$ .80
Total Pay-as-you-go Summary	\$ 25,000	\$ .43	\$ 18,000	\$ .30	\$ 50,000	\$ .78	\$ 55,000	\$ .82	\$ 56,000	\$ .80

SCHEDULE B

	1972		1973		1974		1975		1976	
	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact	Dollars	Tax Rate Impact
<u>Bonded Projects</u>										
<u>1973</u>										
Storage Building - Tree Warden (\$58,000)					\$ 14,700	\$ .23	\$ 14,160	\$ .21	\$ 13,620	\$ .19
Fire Station-Church Hill (\$75,000)					18,750	.29	18,000	.28	17,250	.24
<u>1972</u>										
Golf Course (\$600,000)		\$ 61,500	\$ 1.01	\$ 59,925	\$ .94	\$ 58,350	\$ .87	\$ 56,775	\$ .76	
Youth Center (\$60,000)		15,000	.25	14,400	.22	13,800	.20	13,200	.17	
Library (\$250,000)		37,500	.61	36,250	.57	35,000	.52	33,750	.48	
Total Bonding Summary		\$114,000	\$ 1.87	\$144,025	\$ 2.25	\$104,310	\$ 2.08	\$134,595	\$ 1.84	
Total Consolidated Summary	\$25,000	\$ .43	\$132,000	\$ 2.17	\$194,025	\$ 3.03	\$159,310	\$ 2.90	\$190,595	\$ 2.64









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